JULY 1936

The Real Estate ANALYST

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THE OUTLOOK FOR PRE-FABRICATED HOUSING

It seems to us that pre-fabricated housing has three outstanding advantages. These we have called: mobility, flexibility, and permanence.

MOBILITY One of the outstanding advantages of factory-built houses will be the possibility of their being disassembled when their economic usefulness is past in the location of their first erection. Only a negligible portion of the buildings in any community, which are adequately maintained, lose their economic value through structural fault or the wearing out of their component parts. Very many of these buildings have become valueless while still in sound physical shape. Changes in the neighborhood, changes in construction styles, and production of more efficient or desirable fixtures or materials have decreased the rental revenue until in many cases it was insufficient to pay a return on the building.

We think it entirely possible that well-built pre-fabricated homes may house the wealthier groups in the more desirable residential districts of the future. As these houses gradually become obsolete, it will be possible for their owners to sell them to be disassembled and re-assembled, possibly in modified form, in a poorer section of the city. This development would enable the higher class residential districts to maintain their quality generation after generation and would improve the quality of the buildings in the poorer sections of the city at a relatively low cost. It may be that eventually in the United States some development of this sort will bring the solution to the problem of rebuilding the slums. However, it is needless to point out that this solution to low cost housing lies anywhere from twenty to fifty years in the future. Houses must first be built and become obsolete in the better class districts before their materials will be available at a low price for cheaper housing.

FLEXIBILITY Since the factory-built house, in almost all cases, is built of standard panels or units, various arrangements and later re-arrangements of these panels or units are possible. The housing needs of every family pass through a number of very definite stages over a period of years. The newly married couple cannot afford, nor do they desire, a large dwelling. The need for increased space develops during the ensuing twenty years. Then after children become old enough to go away to school or marry, the space requirements of the family again decrease, until the eventual need of an elderly couple is for a rather small unit which involves a minimum of upkeep expense and trouble.

Not only the size of the house but the design itself should change during this span of years to be most usable in each particular

period. During the very early period space for servants is not needed. During the time in which a growing family is housed the need for recreation space is great. The design arrangements preferred by an elderly couple would be quite different from their wants during middle age.

Factory-built houses, when they no longer fit the needs of their occupants, can be altered or replaced; while with the orthodox type of housing, it becomes necessary for the family to shift its location each time that its housing needs change. This has resulted in cities and neighborhoods constantly on the move.

PERMANENCE There can be little doubt that many of the newer type homes will have many advantages from the standpoint of physical construction. Most of them, if not absolutely fireproof, are at least highly fire resistant. Practically all of them are vermin proof, not subject to attack by termites. The insulating value of the walls and roofs of many of them is far superior to standard housing. However, the fact that very few orthodox homes lose their economic value due to physical deterioration lessens this advantage. There are many buildings in the United States two hundred years old which are still in excellent physical shape.

It seems to us that the present disadvantages of pre-fabricated housing are as follows:

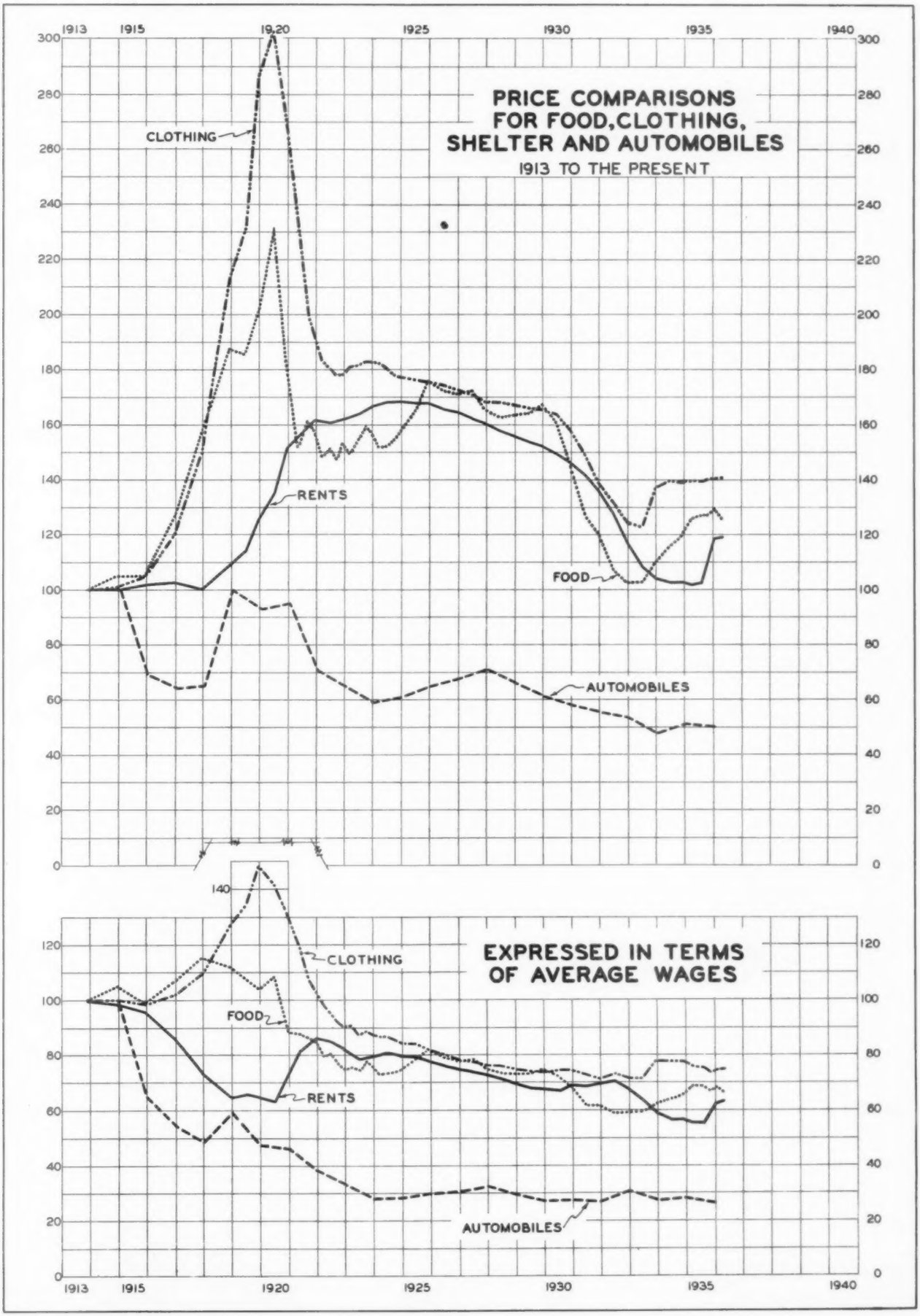
BUILDING RESTRICTIONS The building codes in most large cities are quite rigid and must be altered to allow housing built of new materials and withnew methods. This will prove to be a sizable obstacle to the rapid adoption of factory-built houses in cities.

NOVELTY The public is slow to change its ideas of architecture and of the value of various materials. We believe that pre-fabricated housing will be accepted first in better-than-average priced homes, where its quality will appeal to discriminating buyers. It will be many years,however, before this type of housing will be generally accepted.

(continued on page 586)

THE chart on the page opposite shows a comparison of the prices of food, clothing, shelter, and automobiles from 1913 to the present. The upper chart shows the changes in these items as percentages above and below the 1913 level. The lower chart expresses each of these items in terms of the then current wage scale.

It will be noticed in both charts that clothing had the greatest increase in price and has shown the smallest reduction. Food came second, while rents neither rose as rapidly nor as far during the past inflation as did these other items; and the recovery has carried them to a lesser height at the present time. The price of automobiles was added to this chart to show the possibility of price reductions through the introduction of mass production methods--not with any idea that housing can duplicate this record. We are sure that it cannot, but we do believe that eventually housing costs can be lowered materially by factory production of standard units.


PRICE COMPARISONS
FOR FOOD, CLOTHING,
SHELTER AND AUTOMOBILES
1913 TO THE PRESENT
CLOTHING
RENTS
FOOD
AUTOMOBILES
EXPRESSED IN TERMS
OF AVERAGE WAGES
CLOTHING
FOOD
RENTS
AUTOMOBILES
1913
1915
1920
1925
1930
1935
1940

VARIATIONS IN THE VALUE OF FARMS PER ACRE 1912 THROUGH 1936

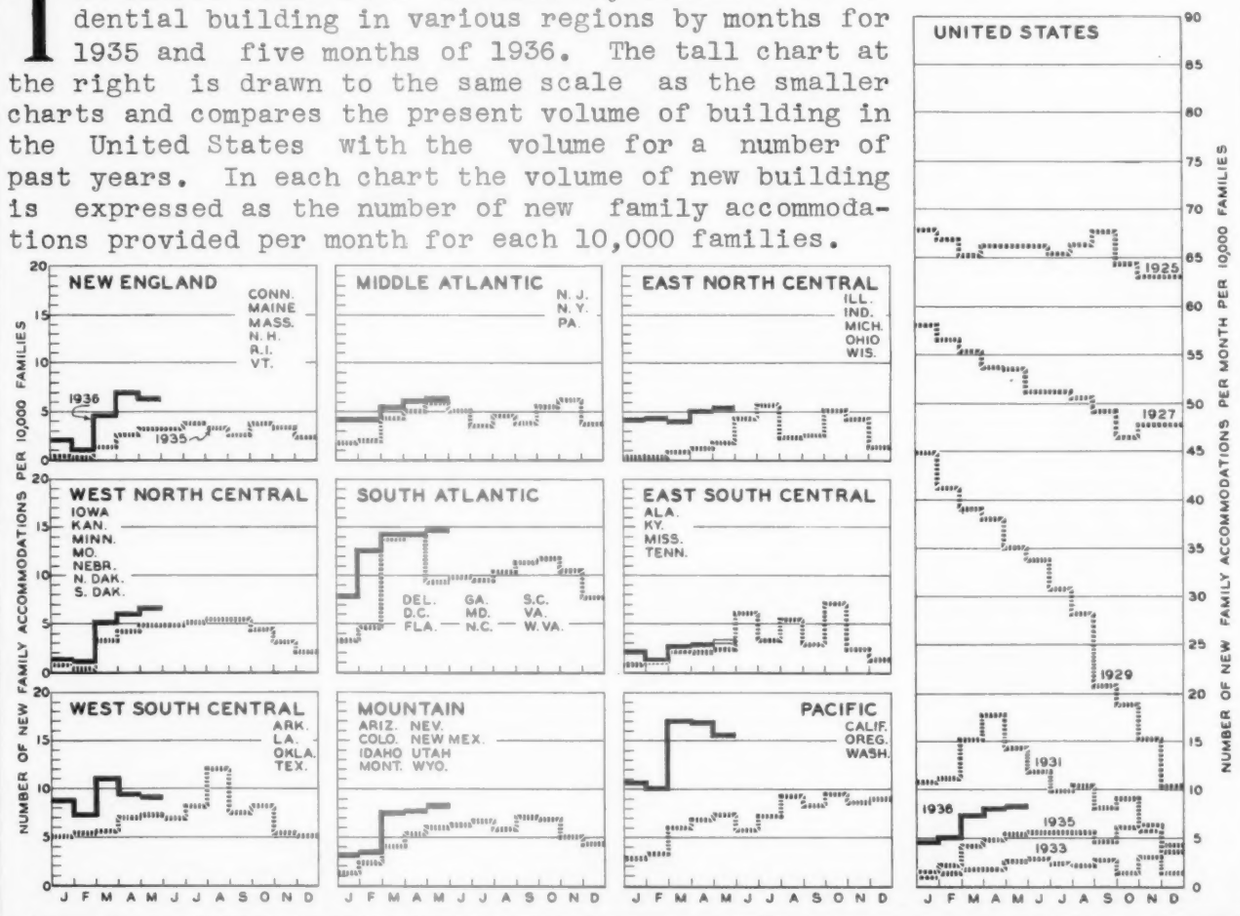
ON pages 580, 581,and 582 in this issue we have charted state by state values per acre of farm real estate from 1912 through 1936. These charts first appeared in the Real Estate Analyst in March, 1936, but at that time it was possible to chart these values only through 1935.

From 1935 to 1936 farm values increased in all states of the Union with the exception of Massachusetts and Vermont. Our 1936 index of values in these two states is identical with the 1935 one. As both of these states experienced very little depression in farm values in 1933, it is quite natural that they should experience a slower rate of increase than those states experienced which dropped quite rapidly during the worst of the depression and which are now recovering from the depression lows.

These charts should be of interest not only to the individual interested in farm real estate, but to those whose primary interest lies in the urban field. Few large cities can divorce themselves entirely from the economic effects of their surrounding agricultural trade territories. The city surrounded by a prosperous agricultural district will make more rapid strides than one whose trade territory is lagging.

RESIDENTIAL BUILDING BY REGIONS

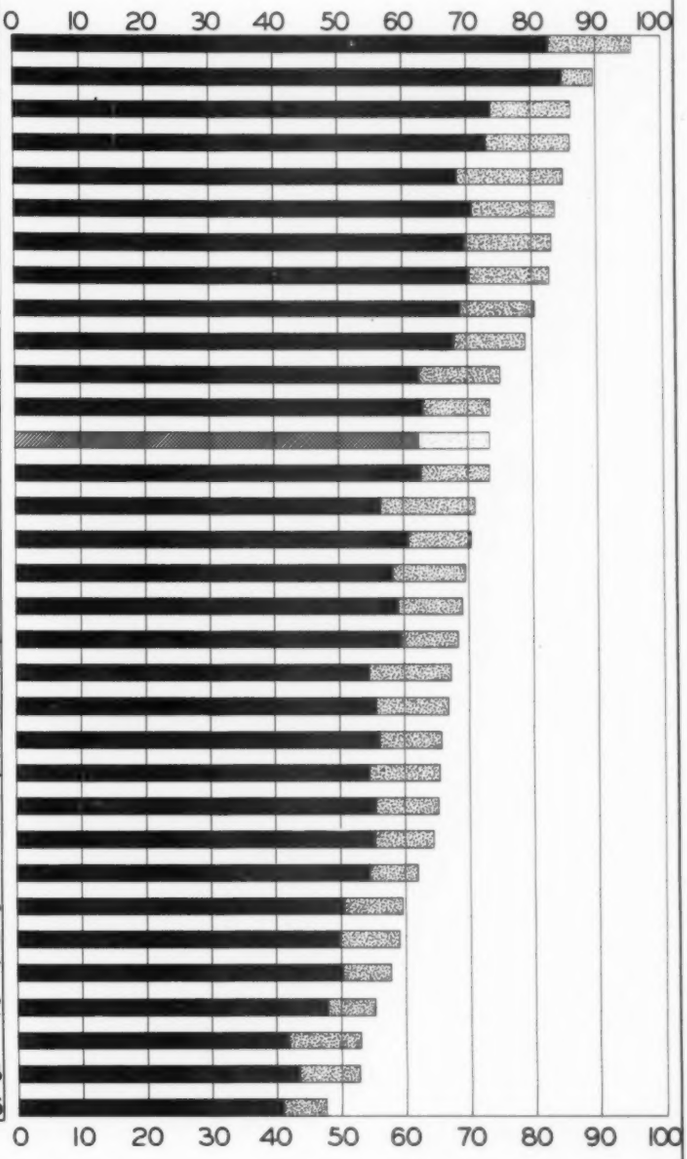
THE charts below show the monthly volume of residential building in various regions by months for 1935 and five months of 1936. The tall chart at the right is drawn to the same scale as the smaller charts and compares the present volume of building in the United States with the volume for a number of past years. In each chart the volume of new building is expressed as the number of new family accommodations provided per month for each 10,000 families.



RENT LEVEL ANALYSIS

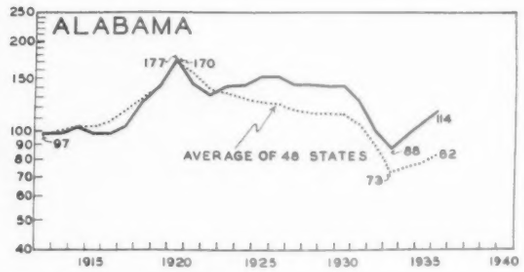
SHOWING DEPRESSION LOWS AND PRESENT LEVELS AS PERCENTAGES OF PEAK RENTS

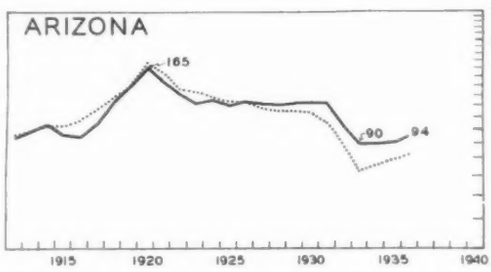
	LOW	APR. 1936
WASHINGTON, D.C.	83.0	95.6
PORTLAND, ME.	85.0	89.8
BOSTON	73.9	86.2
NEW YORK CITY	73.1	86.0
RICHMOND, VA.	68.8	85.0
NEW ORLEANS	70.8	83.7
BALTIMORE	69.8	83.2
SCRANTON	70.3	82.7
SAN FRANCISCO	69.0	80.4
CINCINNATI	68.1	79.1
MINNEAPOLIS	62.6	75.0
BUFFALO	63.1	73.3
UNITED STATES AVERAGE	62.4	73.1
PHILADELPHIA	62.8	73.1
NORFOLK	56.6	71.0
MOBILE	60.7	70.2
PITTSBURGH	58.4	69.5
SEATTLE	59.1	69.1
HOUSTON	59.6	68.4
ST. LOUIS	54.5	67.2
DENVER	55.5	66.8
INDIANAPOLIS	56.1	65.7
ATLANTA	54.6	65.4
CLEVELAND	55.5	65.1
SAVANNAH	55.4	64.2
KANSAS CITY	54.5	61.9
PORTLAND, OREG.	50.5	59.6
CHICAGO	49.7	59.0
MEMPHIS	50.1	57.7
JACKSONVILLE	48.0	55.2
DETROIT	41.9	53.1
LOS ANGELES	43.6	52.8
BIRMINGHAM	41.1	47.6



THE bar charts above show a comparison of residential rents for the homes of lower paid industrial and clerical workers in April of this year with the levels of the bottom of the depression and the top of the last boom. For these charts the average of the four highest consecutive years of the last boom was taken as 100%. The black portion of each bar shows the percentage of these boom rents being received in each city at the bottom of the depression. The gray portion of the bar shows the amount of recovery from the low to April of this year.

It will be noticed that in Washington, D. C., residential rents in April of this year were within 4.4% of the levels of the last boom, while in Birmingham they were 52.4% below. In April of this year the average of the 32 cities shown in this group was 26.9% below the levels of the last boom. At the bottom of the depression this average was 37.6% below the levels of the boom period.


ALABAMA
177
170
97
114
88
82
73
AVERAGE OF 48 STATES


ARIZONA
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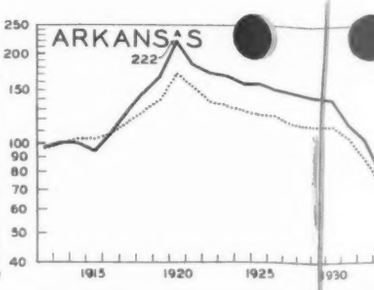
90
94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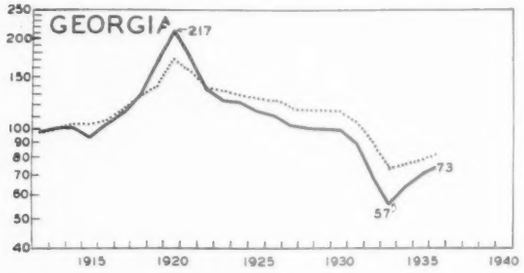
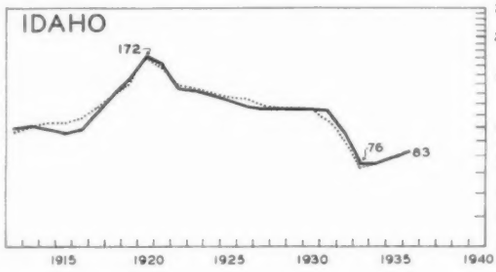

GEORGIA
217
73
57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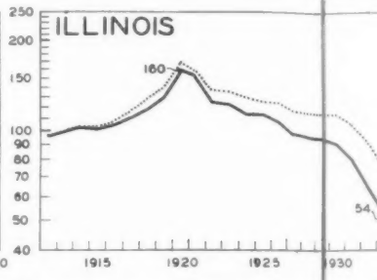
76
83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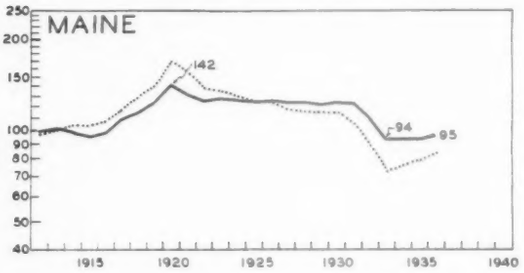
MAINE
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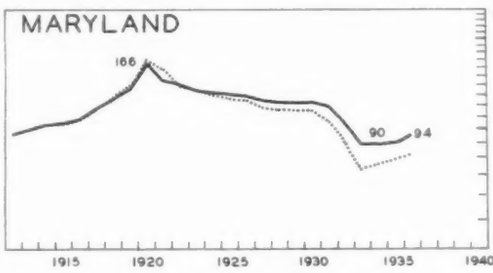
94
95


MARYLAND
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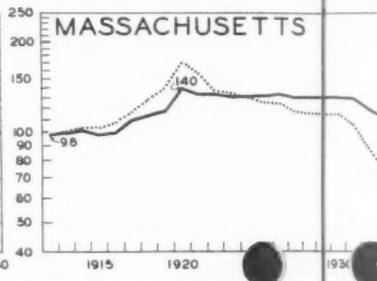
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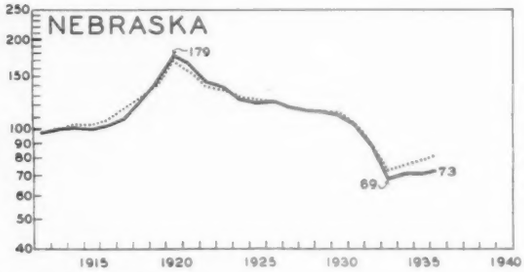
NEBRASKA
179
69
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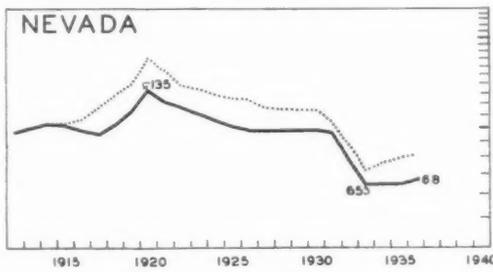
NEVADA
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65
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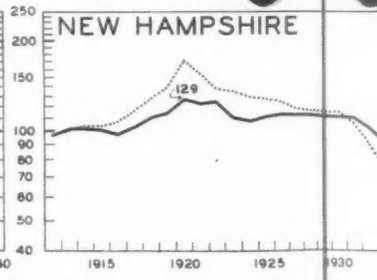
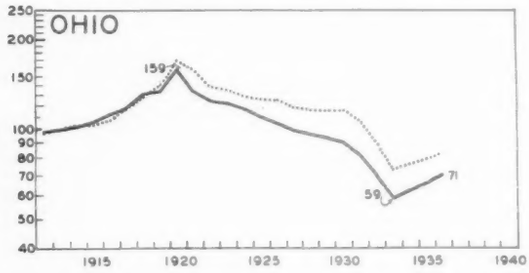

NEW HAMPSHIRE
129


OHIO
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59
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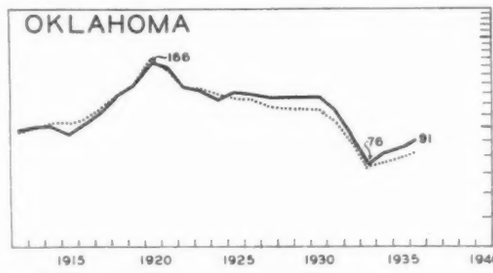
OKLAHOMA
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76
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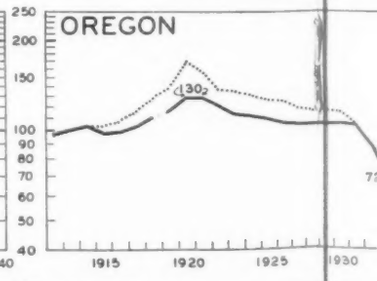
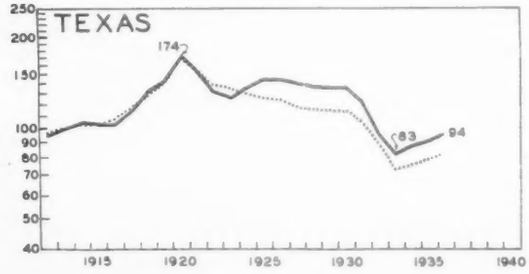

OREGON
130


TEXAS
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83
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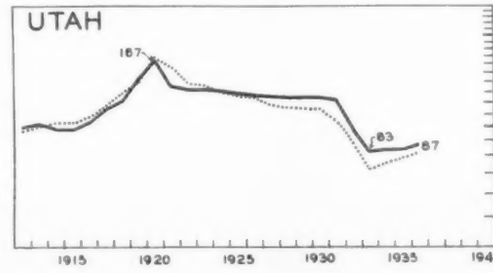
UTAH
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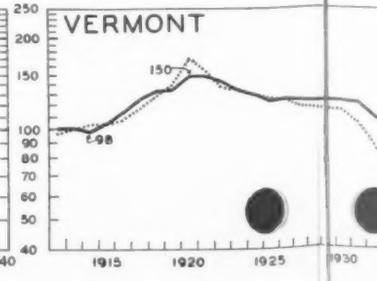
83
87


VERMONT
150
98

TUATIONS IN THE ESTIMATED VALUE PER ACRE OF FARM REAL ESTATE

AVERAGE OF 1912-1914=100

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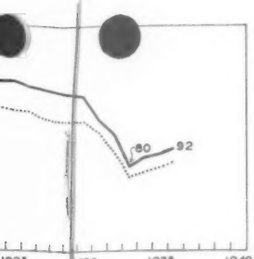

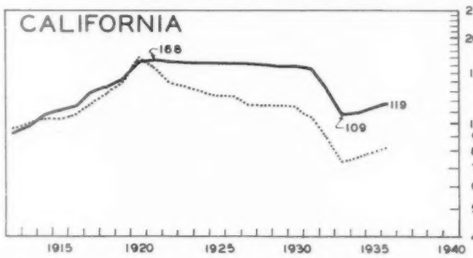

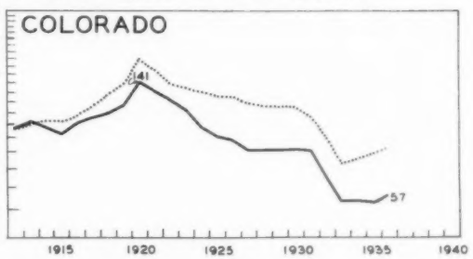

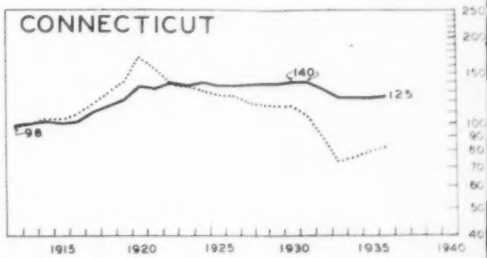

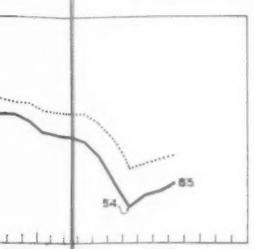

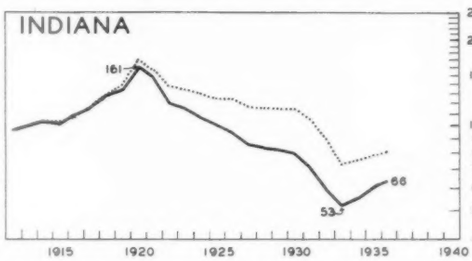

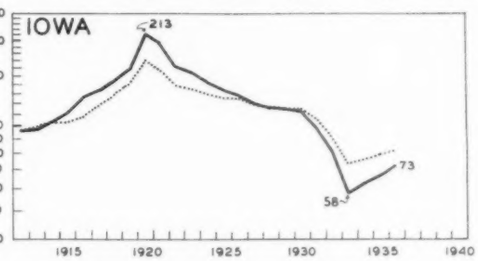

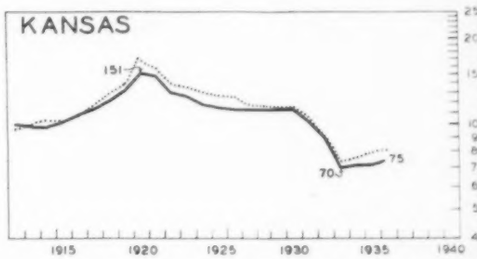

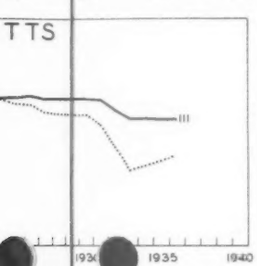

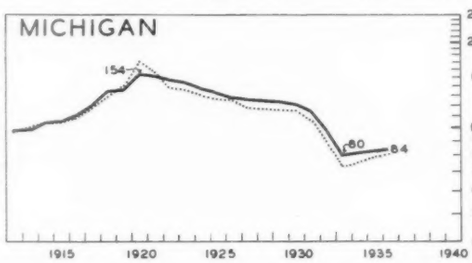

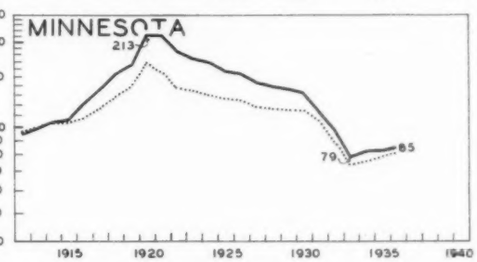

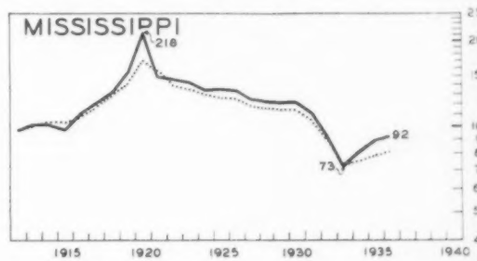

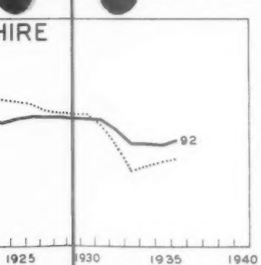

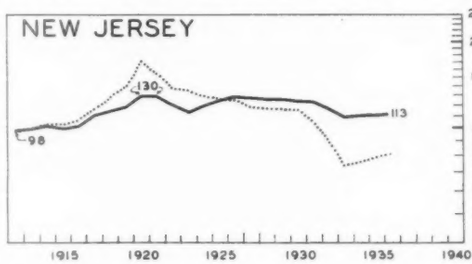

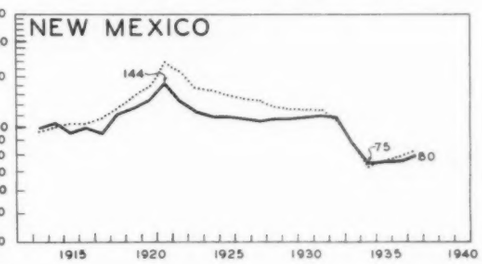

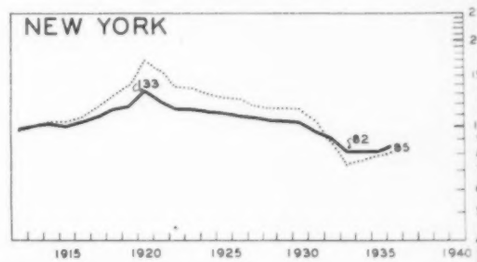

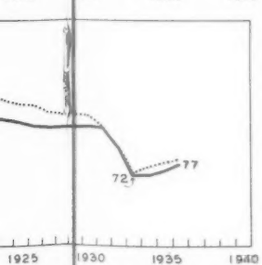

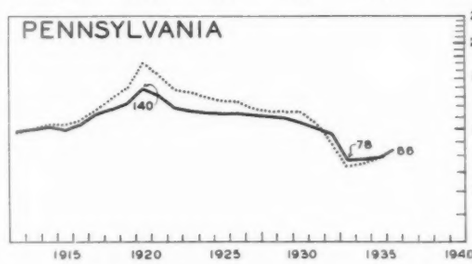

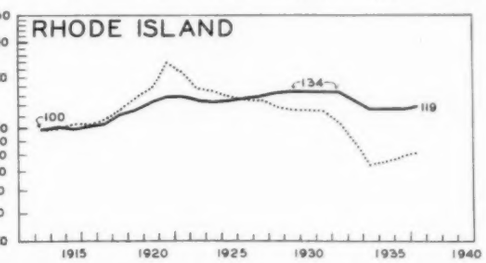

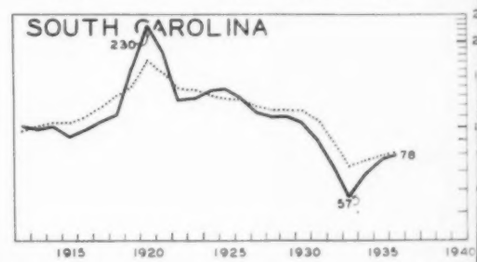

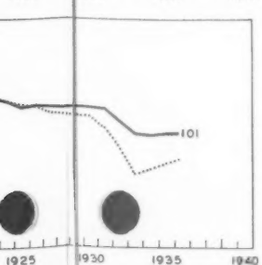

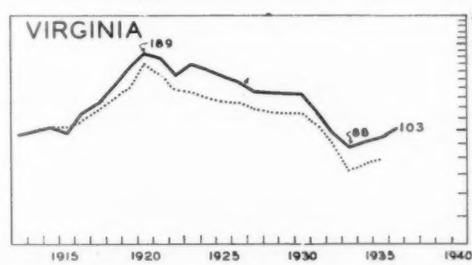

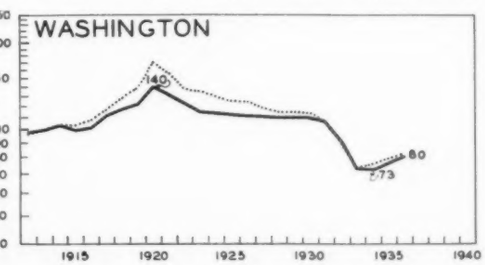

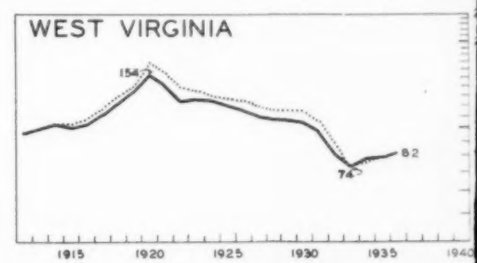

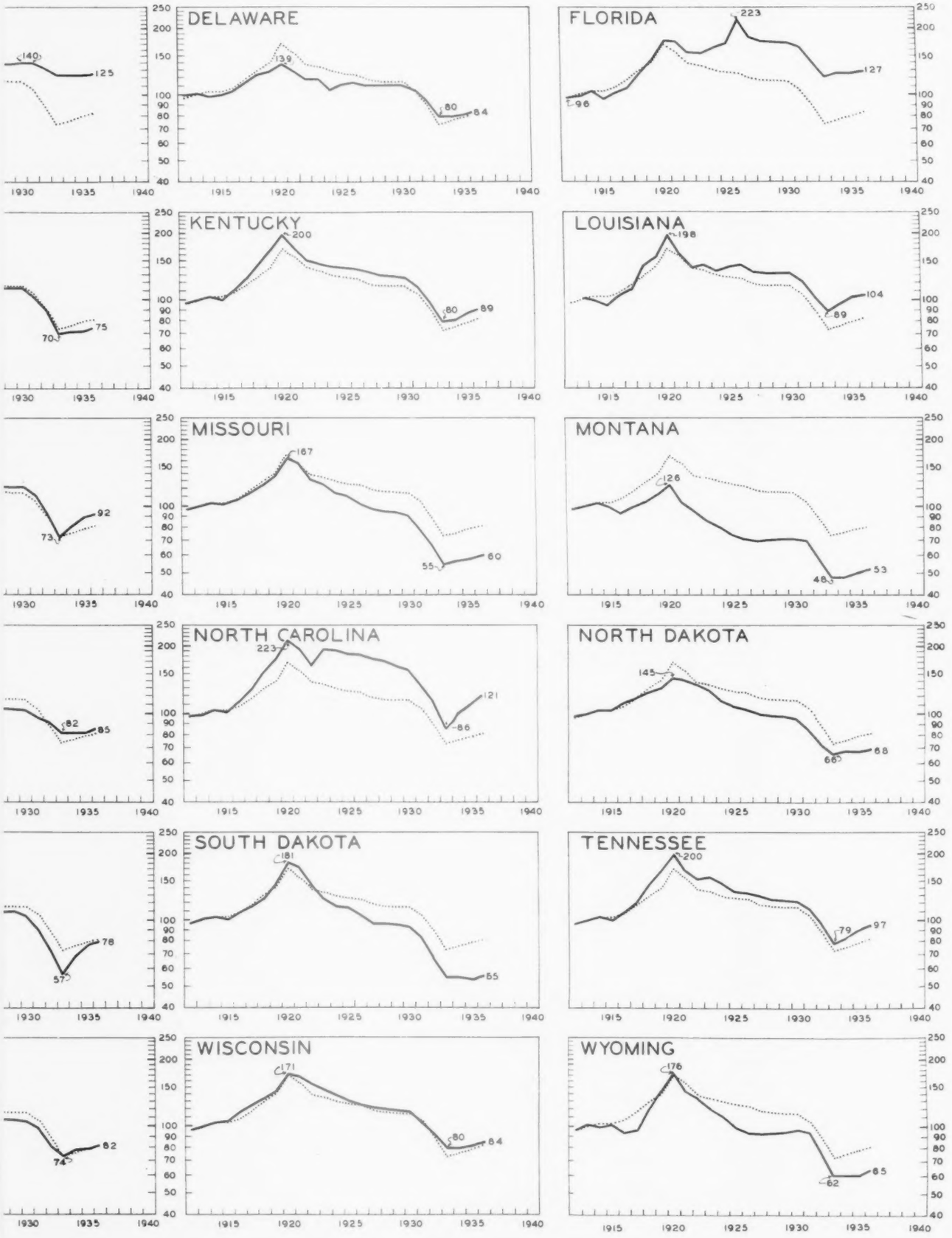
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MONTANA
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NORTH CAROLINA
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NORTH DAKOTA
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SOUTH DAKOTA
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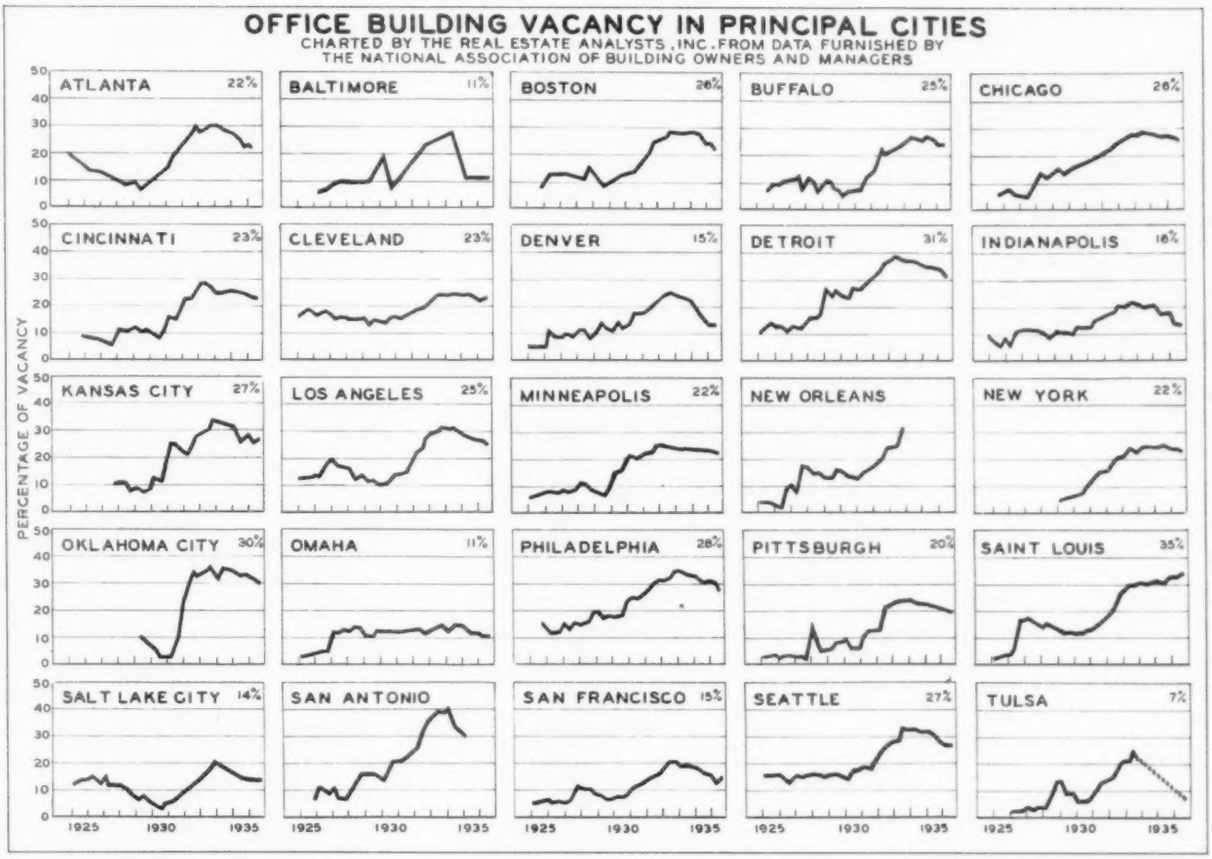

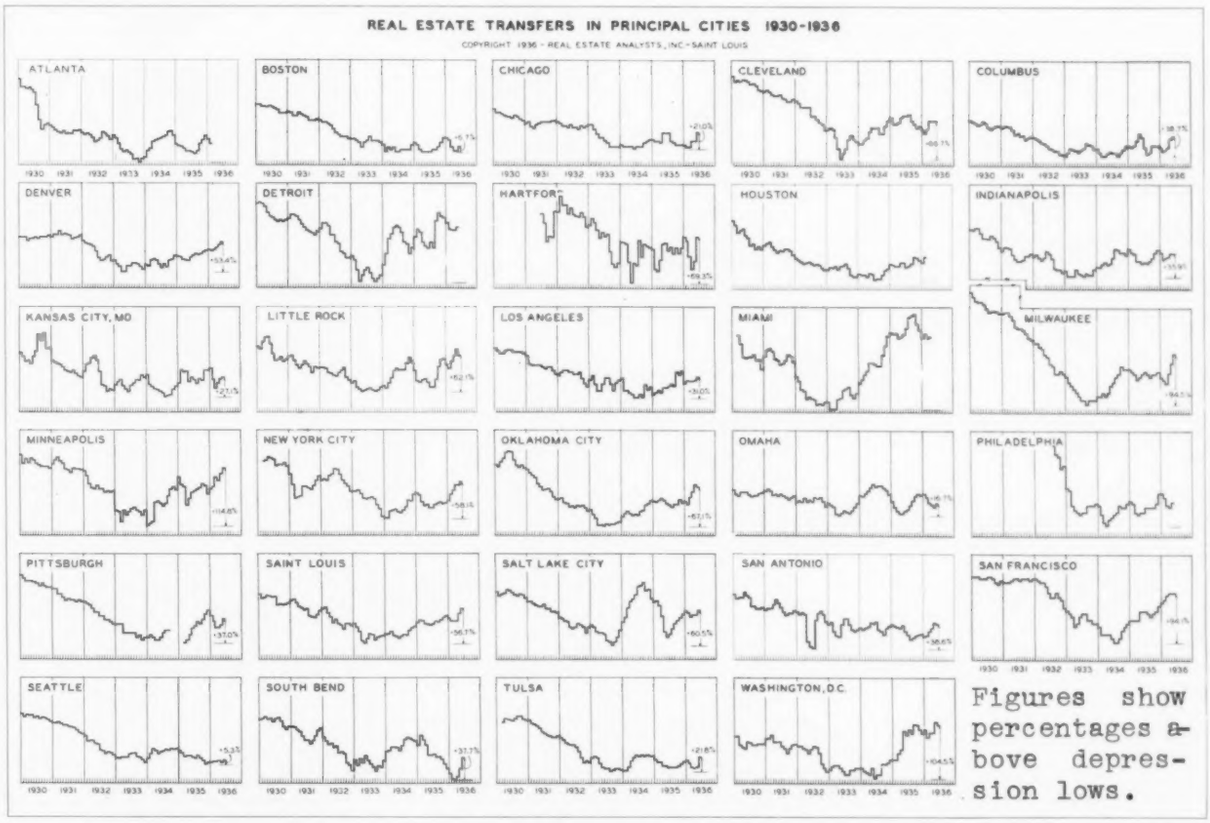

Figures show percentages above depression lows.

AVERAGE ADVERTISED SINGLE FAMILY DWELLING RENTS 1935-1936

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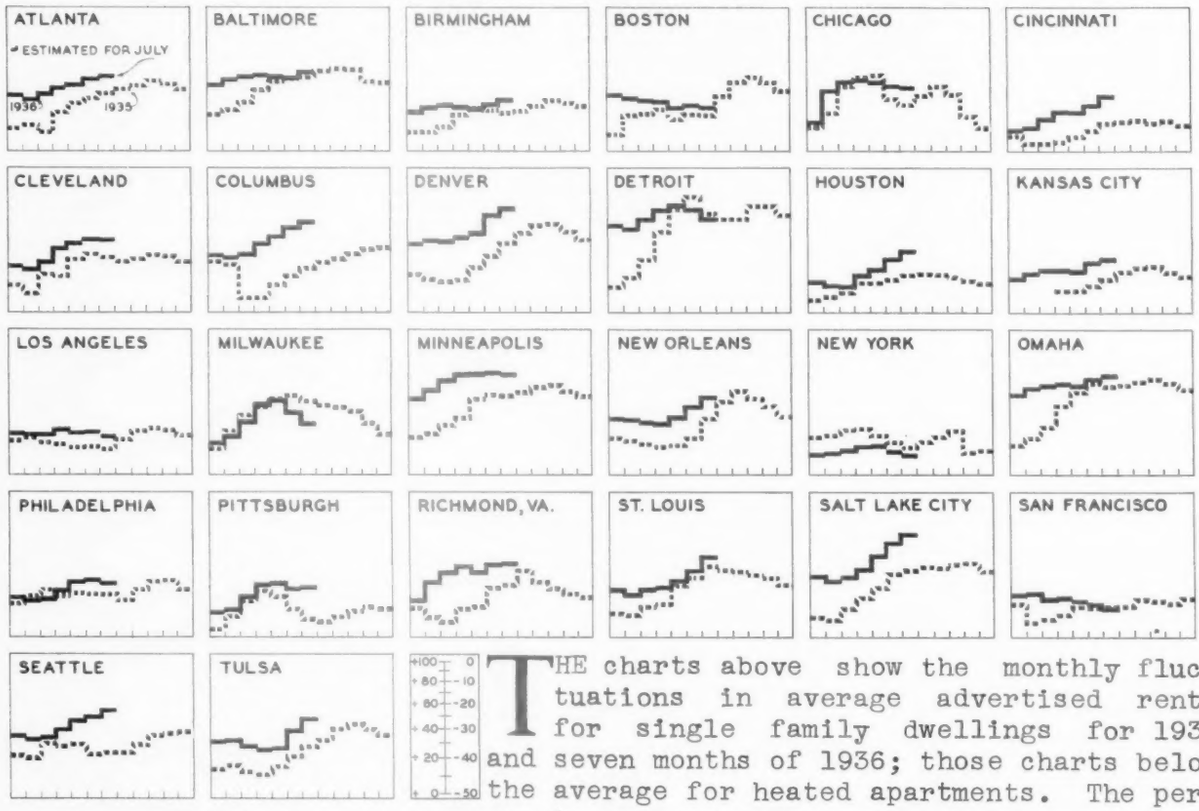

THE charts above show the monthly fluctuations in average advertised rents for single family dwellings for 1935 and seven months of 1936; those charts below, the average for heated apartments. The per-

AVERAGE ADVERTISED APARTMENT RENTS 1935-36

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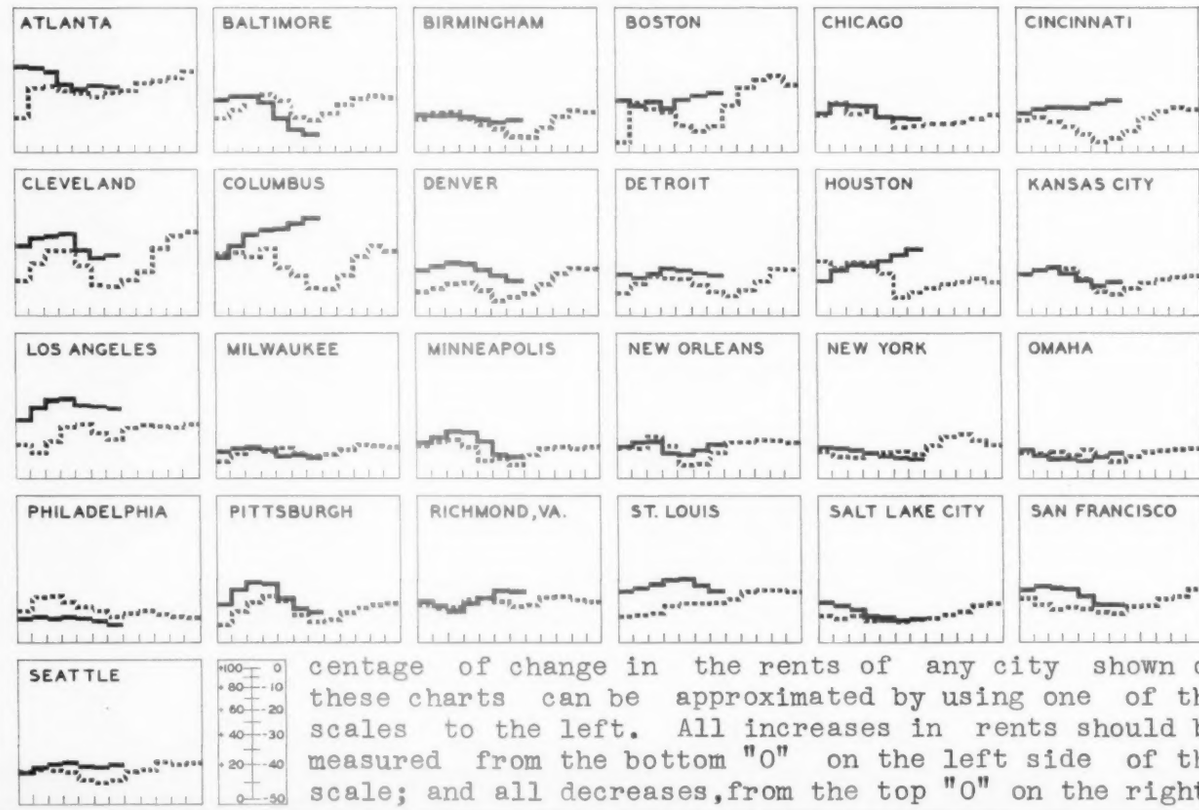


centage of change in the rents of any city shown on these charts can be approximated by using one of the scales to the left. All increases in rents should be measured from the bottom "0" on the left side of the scale; and all decreases, from the top "0" on the right.

ADVERTISED RENTALS ON DWELLING UNITS

THE Real Estate Analyst computes the average advertised rents of residential units of various types each month in the twenty-six metropolitan cities listed below. The figures given are average rents per month per room for all units of each type, large and small, advertised in the classified columns of the leading newspapers of each city.

The average of all places advertised for rent will vary considerably from month to month due to the inclusion some months of a larger number of either high or low priced units. That the trend is definitely up in most cities is indicated by the figures below and the charts opposite.

The July figures are preliminary, based on the advertisements appearing during the first two weeks of the month. In a majority of the cities these preliminary figures are above the final figures for July, 1935.

		1935						1936						
		July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	*July
SINGLE FAMILY DWELLINGS	Atlanta	$6.78	$6.93	$7.09	$7.25	$7.12	$6.93	$6.68	$6.59	$6.71	$6.97	$7.15	$7.39	$7.50
	Baltimore	5.88	6.10	6.16	6.15	5.79	5.75	5.69	5.82	5.95	5.97	5.89	5.99	6.00
	Birmingham	4.90	4.94	5.06	5.22	5.15	5.08	4.96	5.03	5.06	5.03	4.87	5.00	5.12
	Boston	6.68	7.34	7.91	8.11	7.89	7.55	7.47	7.27	7.17	7.15	6.93	7.04	6.91
	Chicago	8.94	9.39	9.84	9.45	8.42	7.98	8.63	9.66	10.32	10.37	10.11	9.63	9.01
	Cincinnati	8.14	8.20	8.22	8.16	8.23	8.02	7.92	7.96	8.35	8.68	8.65	8.93	9.35
	Cleveland	8.02	7.88	7.94	8.11	8.08	7.84	7.59	7.56	7.88	8.40	8.67	8.83	8.82
	Columbus	5.07	5.21	5.31	5.45	5.59	5.61	5.42	5.36	5.44	5.71	5.95	6.23	6.41
	Denver	5.75	6.07	6.31	6.35	6.11	5.89	5.77	5.84	5.82	5.96	6.17	6.67	6.89
	Detroit	8.40	8.18	8.18	8.75	8.75	8.33	7.93	7.74	8.12	8.56	8.79	8.51	8.12
	Houston	7.32	7.39	7.38	7.24	7.10	7.01	7.00	6.92	6.84	7.20	7.47	7.81	8.17
	Kansas City	4.79	4.98	5.08	5.10	4.96	4.85	4.84	4.92	5.00	5.00	4.99	5.20	5.28
	Los Angeles	8.02	8.48	8.85	8.97	8.87	8.64	8.68	8.72	8.74	8.95	8.80	8.81	8.62
	Milwaukee	8.81	8.61	8.52	8.36	7.87	7.41	7.17	7.35	7.90	8.59	8.71	8.26	7.76
	Minneapolis	6.06	6.15	6.31	6.36	6.18	6.02	6.04	6.22	6.49	6.69	6.67	6.67	6.61
	New Orleans	5.39	5.88	6.20	5.98	5.71	5.43	5.41	5.36	5.28	5.25	5.38	5.66	5.93
	New York	11.59	11.96	12.23	12.57	11.82	11.36	10.93	11.11	11.40	11.69	11.71	11.40	11.18
	Omaha	6.35	6.37	6.50	6.59	6.45	6.22	6.14	6.27	6.34	6.38	6.36	6.57	6.67
	Philadelphia	5.63	5.48	5.77	6.01	6.02	5.78	5.46	5.46	5.52	5.79	6.01	6.03	5.93
	Pittsburgh	6.62	6.52	6.70	6.89	7.03	6.98	6.81	6.98	7.41	7.84	7.89	7.67	7.69
	Richmond	6.66	7.03	6.66	6.44	6.24	6.16	6.17	6.65	6.98	7.18	6.96	7.21	7.22
	Saint Louis	7.24	7.11	7.05	6.91	6.81	6.59	6.45	6.27	6.43	6.48	6.72	7.07	7.59
	Salt Lake City	5.66	5.76	5.74	5.82	5.83	5.63	5.49	5.33	5.49	5.58	5.91	6.30	6.59
	San Francisco	7.06	7.07	7.31	7.28	7.19	7.35	7.55	7.54	7.36	7.36	7.24	7.16	6.95
	Seattle	5.07	5.07	5.31	5.56	5.62	5.65	5.55	5.45	5.51	5.70	5.96	6.09	6.29
	Tulsa	6.53	6.76	7.17	7.33	7.16	6.92	6.77	6.74	6.56	6.42	6.48	7.11	7.55
HEATED APARTMENT UNITS	Atlanta	9.58	9.68	10.01	10.19	10.33	10.67	10.89	10.91	10.42	10.00	9.71	9.82	9.78
	Baltimore	10.72	11.04	11.59	11.97	12.04	12.00	11.93	12.05	12.02	11.65	10.74	10.09	9.82
	Birmingham	7.63	7.61	8.00	8.48	8.71	8.64	8.61	8.54	8.57	8.45	8.39	8.26	8.29
	Boston	10.40	11.59	12.68	13.17	13.46	12.79	12.17	11.55	11.68	11.13	11.59	11.80	11.99
	Chicago	10.92	11.04	11.04	11.15	11.35	11.66	11.85	12.26	12.14	11.86	11.25	11.23	11.16
	Cincinnati	9.72	10.10	10.78	11.24	11.40	11.28	11.26	11.36	11.47	11.45	11.40	11.57	11.77
	Cleveland	8.22	8.49	8.88	9.99	10.54	10.80	10.40	10.49	10.77	10.82	9.97	9.60	9.67
	Columbus	7.56	7.52	8.06	8.89	9.34	9.11	9.07	9.38	9.94	10.16	10.20	10.41	10.68
	Denver	9.40	9.60	10.06	10.65	10.95	10.90	10.87	11.02	11.24	11.16	10.76	10.31	10.04
	Detroit	9.65	9.45	9.73	10.22	10.87	10.86	10.49	10.40	10.70	10.93	10.79	10.65	10.53
	Houston	7.39	7.54	7.70	7.77	7.91	7.78	8.00	8.29	8.59	8.53	8.70	8.95	9.23
	Kansas City	6.18	6.36	6.52	6.67	6.73	6.77	6.88	7.00	7.11	6.86	6.61	6.48	6.57
	Los Angeles	10.43	11.11	11.27	11.23	11.17	11.31	11.87	12.31	12.79	12.82	12.33	12.32	12.23
	Milwaukee	9.56	9.63	9.87	10.10	10.09	10.00	9.88	9.95	10.02	9.95	9.64	9.51	9.45
	Minneapolis	8.06	8.48	8.78	8.81	8.76	8.82	9.18	9.29	9.59	9.57	9.13	8.58	8.42
	New Orleans	8.01	8.48	8.48	8.55	8.53	8.45	8.41	8.49	8.53	8.01	8.04	8.17	8.40
	New York	17.10	17.85	18.69	18.92	18.30	17.83	17.58	17.56	17.40	17.20	16.97	16.74	16.77
	Omaha	9.87	10.13	10.32	10.40	10.43	10.47	10.54	10.21	10.00	9.73	9.90	10.11	10.35
	Philadelphia	13.24	13.40	13.63	13.37	13.24	13.16	13.20	13.23	13.08	13.23	13.08	12.94	12.65
	Pittsburgh	8.91	9.02	9.35	9.56	9.70	9.77	9.91	10.51	10.96	10.82	9.93	9.42	9.23
	Richmond	9.62	9.66	10.03	10.07	9.96	9.87	9.70	9.69	9.41	9.75	10.01	10.53	10.46
	Saint Louis	9.22	9.41	9.76	9.81	9.81	9.74	9.79	9.94	10.17	10.37	10.38	9.95	9.71
	Salt Lake City	9.01	9.06	9.22	9.38	9.68	9.74	9.91	9.70	9.50	9.16	8.98	8.98	9.04
	San Francisco	10.50	10.82	10.90	11.33	11.41	11.82	11.83	12.01	11.93	11.83	11.41	11.02	11.01
	Seattle	9.65	10.06	10.21	10.58	10.48	10.52	10.23	10.37	10.53	10.60	10.50	10.56	10.62

*Preliminary

(continued from page 576)

COST Many of the housing day dreams have included the belief that great cost reductions could be made by the development of new materials. So far, savings from this source belong clearly in the category of hopes.

Frank Watson, Director of Housing Research at Purdue University, in a series of articles on the outlook for low cost housing has said: "It is probably sufficient to say for present results that, while many new materials have been produced which are clearly competitive with older and more orthodox ones, none has yet appeared on the market which shows the tremendous possibility of cost production necessary to a satisfactory solution of the housing problem".

In a Technical Bulletin of the Federal Housing Administration on recent developments in dwelling construction the following paragraphs occur:

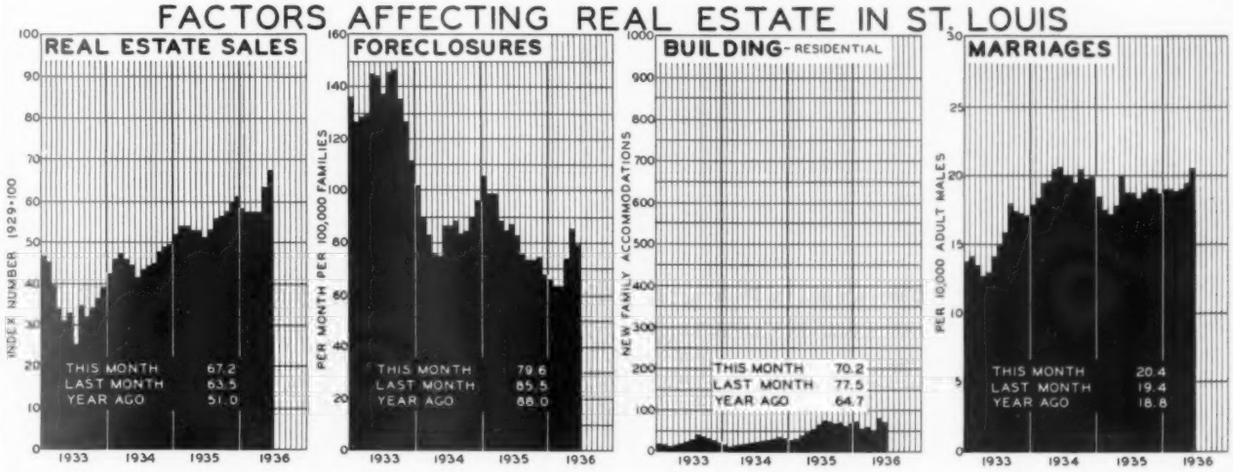
"The newer techniques in building construction have not yet resulted in lowered costs, and an immediate lowering of cost is not to be anticipated. Comparative cost studies made between quoted prices for ready-to-erect houses, and houses built in the usual way, equivalent in size, plan durability, fire resistivity, insulation, and quality of finish and equipment, show no cases where the ready-to-erect construction has resulted in a saving in total cost. In almost every case such construction has been more costly and, compared with wood frame construction, it has usually been appreciably more expensive.

"The problem of economical distribution over considerable distances of large specialized building sections is one of the greatest problems facing the prefabricator today, and it is quite conceivable that radical changes must take place in our transportation system before this situation can be met in such manner that ready-to-erect construction costs at the site will be comparable or competitive with conventional methods."

We, too, have personally investigated the possible economies of the various new types of materials on the market and are yet unconvinced that the substitution of any of these materials will result in a house at a lower cost.

We can see many advantages in factory-built houses, and we have no doubt that eventually the housing field must and will surrender to a totally new technique. The developments, however, are coming too slowly in this field to appreciably affect the building boom which is now slowly getting under way. We believe that this building boom will reach its peak in the early forties, will slightly overbuild the market, and will gradually subside, to be followed by a period of quiescent building for some years. The following building boom is still probably twenty years in the future, as our studies have shown that both in America and Europe in the past these periodical booms in building have come at intervals of from fifteen to twenty years.

FACTORS AFFECTING REAL ESTATE IN ST. LOUIS



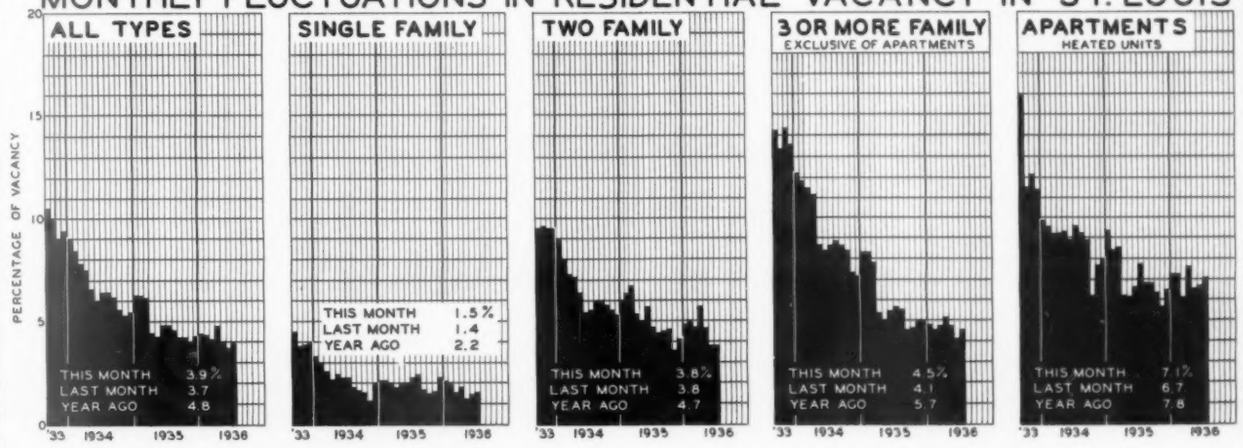
REAL Estate Analysts, Inc., has always made an intensive study of Greater Saint Louis on the assumption that an exhaustive, precise study over a long period of years of all factors affecting real estate in a single representative community is often of greater value in determining the sequence of events in collapse and recovery than is a more general study of the entire country. In addition to the charts on this page, other Saint Louis figures are shown on pages 579, 583, 584, and 585.

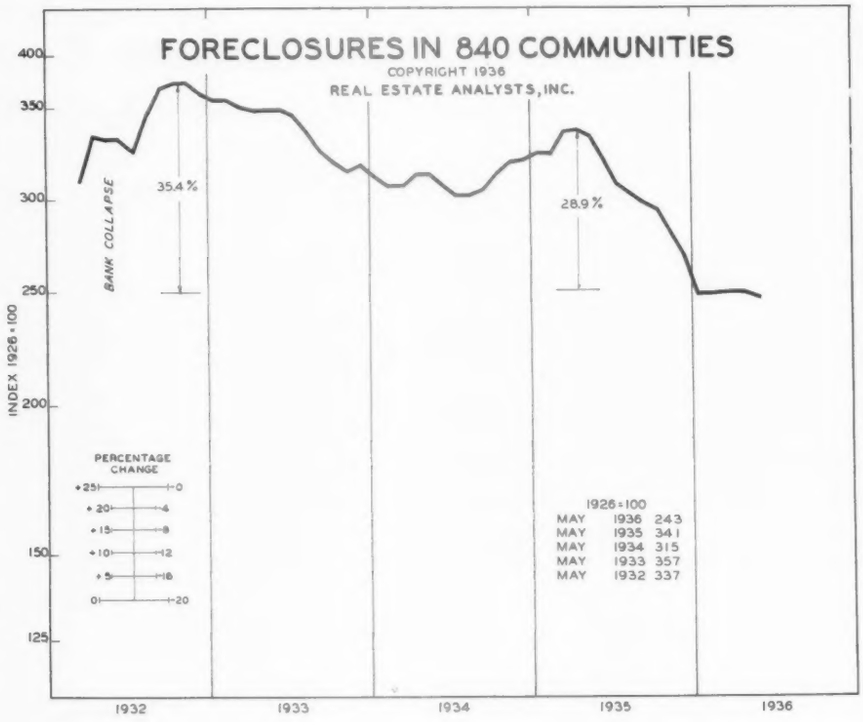
Total residential vacancy in Saint Louis increased during the past month by about 450 units--from 3.7% on June 5 to 3.9% on July 6. This increase in vacancy is seasonal, as our survey generally shows vacancy increasing at this period of the year.

The number of vacant residential units for November, 1932, and for July of the last three years is shown in the following table:

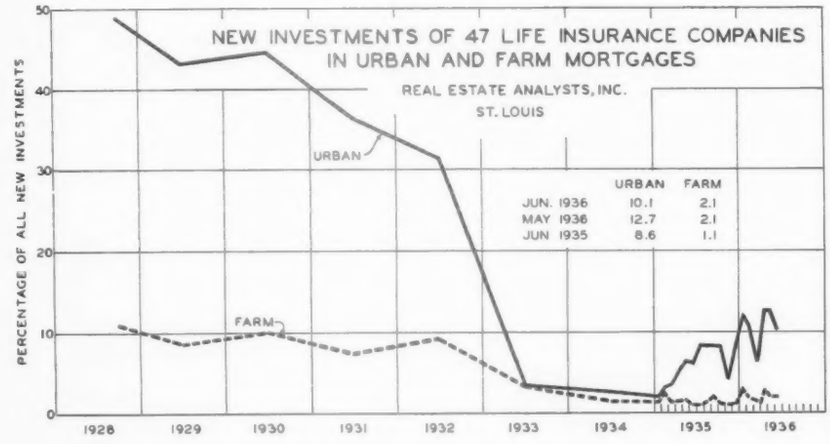
Date	Number of Vacancies	Percentage of Vacancy
November, 1932	28,207	12.8
July, 1934	14,000	6.3
July, 1935	10,700	4.8
July, 1936	8,700	3.9

MONTHLY FLUCTUATIONS IN RESIDENTIAL VACANCY IN ST. LOUIS

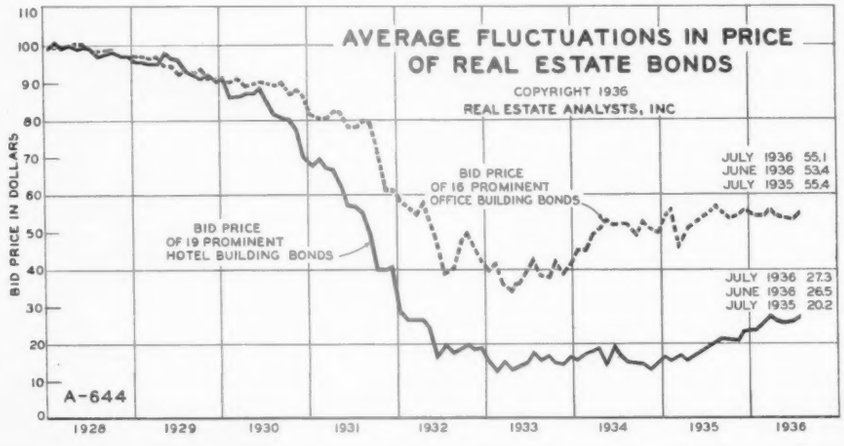




THE chart to the left shows the monthly fluctuations in eight hundred and forty rural and urban communities scattered throughout the United States. Foreclosures are now 35.4% below the peak in 1932 and 28.9% below the 1935 peak. During the last month there has been a slight decrease in foreclosures after seasonal corrections are made.



THE chart to the left shows the percentage of all new investments each month invested in urban and farm mortgages by forty-seven life insurance companies. Urban mortgages are slowly coming back into favor. There is no decided trend regarding farm mortgages.



THE chart to the left shows the fluctuations in the bid prices of real estate bonds. There has been a pronounced trend upward in hotel bonds during the past year and a half. Very little recent trend is noticeable in the office building bond line.